

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NASSAU

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EDWARD W. LANCASTER,

Plaintiff,

STIPULATION OF SETTLEMENT

Index No: 008384/2011

-against-

Dated: August 16, 2012

FREEPORT HOUSING AUTHORITY, NAUTILUS  
DEVELOPMENT CORP. AND THE BOARD OF  
DIRECTORS OF THE FREEPORT HOUSING  
AUTHORITY,

Defendants.

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Whereas, Plaintiff Edward Lancaster ("Plaintiff") is the former Executive  
Director of the Freeport Housing Authority (FHA);

Whereas, Plaintiff was an officer and director of the Nautilus Development  
Corp. (Nautilus);

Whereas, Plaintiff commenced this action seeking certain monies due from vacation, sick and personal days during his employment, legal fees, credit card expenditures, compensation resulting from alleged negative credit rating as the result of his employment, compensation for work, labor and services for Nautilus Development Corp; and

Whereas, FHA, Commissioners of the FHA (Commissioners) and Nautilus appeared herein by counsel denying the allegations stated in the complaint and filed counterclaims alleging that Plaintiff breached conflict of interest provisions, developed and withdrew monies from FHA accounts, was improperly the sole signatory on FHA and Nautilus accounts without the knowledge or authorization from FHA, fraud upon the FHA, use of FHA and Nautilus funds for personal gain of Plaintiff.

Whereas after careful consideration of the circumstances, it is the intention and desire of the parties herein to enter into a comprehensive agreement which will resolve all of the issues between them in such a manner that it will not be necessary for such rights and obligations to be determined by this Court; and

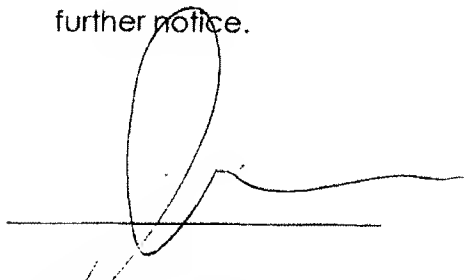
Whereas Plaintiff, Commissioners, FHA and Nautilus recognize that instead of entering into this agreement they could litigate the issues raised in the Summons and Complaint and Answer with Counterclaims, but each desires to

avoid the risk and expense of contested litigation, and believe that the provisions of this agreement are in all respects, fair, reasonable, and in their best interest.

Now, Therefore based upon the mutual promises, understandings and agreements set forth below and in the August 7, 2012 Memorandum Agreement submitted to this Court, Plaintiff and Defendants Commissioners, FHA and Nautilus all agree as follows:

1. Plaintiff and all those who hold under or through them agree to surrender all rights, claims and interest against Defendants Commissioners, FHA and Nautilus no later than September 7, 2012 (Payment Date).
2. Plaintiff, Defendants Commissioners, FHA and Nautilus expressly agree and acknowledge that effective upon execution of this Stipulation, they have forever abandoned any claim or right as an employee and employer.
3. Plaintiff and Defendants Commissioners, FHA and Nautilus agree to forthwith withdraw with prejudice their claims that each has against the other in the complaint, answer and counterclaims.
4. Plaintiff and Defendants agree that by executing this document, the purpose and intent being that any interest shall be wholly extinguished

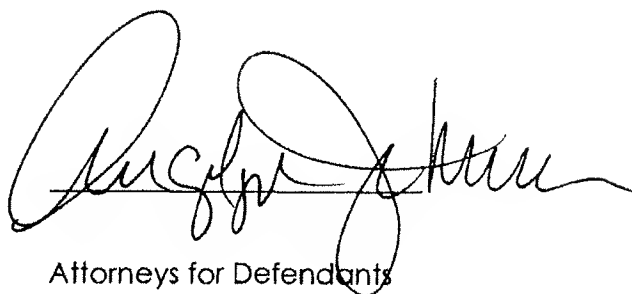
16. This Stipulation may be presented to the Court for "so-ordering" without further notice.



Attorneys for Plaintiff

<sup>c</sup>  
HIRSH & HIRSH, LLP.  
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By: Scott Hirsh, Esq.  
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Attorneys for Defendants

ANGELYN JOHNSON & ASSOCIATES

By: Angelyn D. Johnson, Esq.

